

AUDIT REPORT

RURAL WATER, SEWER AND SOLID WASTE  
MANAGEMENT DISTRICT NO.3, SEMINOLE  
COUNTY  
CROMWELL, OKLAHOMA

OCTOBER 31, 2021

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RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT  
NO.3, SEMINOLE COUNTY  
CROMWELL, OKLAHOMA  
OCTOBER 31, 2021

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RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT NO.3,  
SEMINOLE COUNTY  
CROMWELL, OKLAHOMA  
OCTOBER 31, 2021

BOARD OF DIRECTORS

<u>NAME</u>	<u>POSITION</u>
Monty Roza	Chairman
Patty Harjo	Vice-Chairman
Angie Fixico	Secretary/Treasurer

KEY EMPLOYEE

Michelle Richardson	Office Manager
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Rural Water, Sewer and Solid Waste Management District No.3,  
Seminole County  
Cromwell, Oklahoma

### *Report on the Financial Statements*

I have audited the accompanying financial statements of Rural Water, Sewer and Solid Waste Management District No. 3, Seminole County, as of and for the fiscal year ended October 31, 2021, as listed in the table of contents and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and

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the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## *Opinion*

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Rural Water, Sewer and Solid Waste Management District No. 3, Seminole County as of October 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

### *Supplementary and Other Information*

The introductory and the other supplementary information sections listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the District. Such additional information has not been subjected to the auditing procedures applied in my audit of the basic financial statements, and accordingly, I do not express an opinion or provide and assurance on it.

## *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated April 10, 2023, on my consideration of the Rural Water, Sewer

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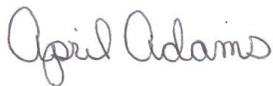
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and Solid Waste Management District No. 3, Seminole County's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rural Water, Sewer and Solid Waste Management District No. 3, Seminole County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rural Water, Sewer and Solid Waste Management District No. 3, Seminole County's internal control over financial reporting and compliance.



April Adams CPA PLLC  
Ponca City, Oklahoma

April 10, 2023

RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT NO. 3, SEMINOLE COUNTY  
CROMWELL, OKLAHOMA  
STATEMENT OF NET POSITION  
OCTOBER 31, 2021

<u>ASSETS</u>	<u>2021</u>
<u>Current Assets:</u>	
Cash in bank	\$ 249,404
Investments	8,616
Accounts Receivable	30,410
Prepaid Insurance	5,357
<b>Total Current Assets</b>	<b><u>293,787</u></b>
<u>Capital Assets:</u>	
Water system	1,753,117
Equipment	44,088
Less: Accumulated Depreciation	<u>(867,109)</u>
<b>Total Capital Assets</b>	<b><u>930,095</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,223,882</u></b>
 <u>LIABILITIES &amp; NET POSITION</u>	
<u>Current Liabilities:</u>	
Accounts Payable	\$ 8,835
Refundable deposits	<u>36,725</u>
<b>Total Current Liabilities</b>	<b><u>45,560</u></b>
<u>Long-Term Liabilities:</u>	
Note Payable	-
Less: Current Portion of Long-Term Debt	<u>-</u>
<b>Total Long-Term Liabilities</b>	<b><u>-</u></b>
<b>TOTAL LIABILITIES</b>	<b>45,560</b>
 <u>NET POSITION:</u>	
Net investment in capital assets	930,095
Restricted for debt service	-
Unrestricted	<u>248,227</u>
<b>TOTAL NET POSITION</b>	<b><u>1,178,322</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 1,223,882</u></b>

The accompanying notes are an integral part of the basic financial statements.

RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT NO. 3, SEMINOLE COUNTY  
CROMWELL, OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION  
FOR THE YEAR ENDED OCTOBER 31, 2021

	2021
<b><u>OPERATING REVENUES:</u></b>	
Water services	\$ 218,729
Sewer services	77,174
Fees and fines	14,026
<b>TOTAL OPERATING REVENUES</b>	<b>309,930</b>
<b><u>OPERATING EXPENSES:</u></b>	
Water Purchases	94,131
Depreciation	35,844
Salary and contract management services	85,693
Repairs & Maintenance	6,557
Office and phone	4,060
Insurance	8,967
Water testing & supplies	16,394
Health insurance	10,070
Dues and fees	3,506
Utilities	7,805
Vehicle	2,675
Other	1,108
<b>TOTAL OPERATING EXPENSES</b>	<b>276,812</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>33,118</b>
<b>OTHER REVENUES (EXPENSES):</b>	
Interest Income	209
Interest Expense	-
<b>TOTAL OTHER REVENUES (EXPENSES)</b>	<b>209</b>
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<b>33,327</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>33,327</b>
<b>TOTAL NET POSITION, Beginning of Year</b>	<b>1,144,995</b>
<b>TOTAL NET POSITION, End of Year</b>	<b>\$ 1,178,322</b>

The accompanying notes are an integral part of the basic financial statements.

RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT NO. 3, SEMINOLE COUNTY  
CROMWELL, OKLAHOMA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED OCTOBER 31, 2021

	2021
<b><u>Cash Flows from Operating Activities:</u></b>	
Receipts from Customers	\$ 316,775
Payments to Suppliers & Laborers for Goods & Services	(243,878)
Receipts of Customer Utility Deposits, Net of Refunds	833
Net Cash Provided (Used) by Operating Activities	73,730
<b><u>Cash Flows from Capital &amp; Related Financing Activities:</u></b>	
Additions to Capital Assets	(14,449)
Capital Contributions	-
Proceeds from long-term debt	-
Principal paid on long-term debt	-
Interest paid on Debt	-
Net Cash Provided (Used) by Capital & Related Financing Activities	(14,449)
<b><u>Cash Flows from Investing Activities:</u></b>	
(Increase) Decrease in Investments	(114)
Interest Income	209
Net Cash Provided (Used) by Investing Activities	95
Net Increase (Decrease) in Cash and Cash Equivalents	59,376
Cash & Cash Equivalents, Beginning of Year	190,028
Cash & Cash Equivalents, End of Year	\$ 249,404
<b><u>Reconciliation of operating income (loss) to net cash provided</u></b>	
<b><u>operating activities:</u></b>	
Operating Income (Loss)	\$ 33,118
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	35,844
(Increase)Decrease in Accounts Receivable	6,845
(Increase)Decrease in Prepaid Insurance	1,413
Increase(Decrease) in Accounts Payable	(4,323)
Increase(Decrease) in Refundable deposits	833
Net Cash Provided (Used) by Operating Activities	\$ 73,730

The accompanying notes are an integral part of the basic financial statements.

RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT NO.3,  
SEMINOLE COUNTY  
CROMWELL, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2021

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

Organization & Reporting Entity

Rural Water, Sewer and Solid Waste Management District No.3, Seminole County (the District) is an Oklahoma water district organized under Title 82 of Oklahoma Statutes, Sections 1324.1-1324.26 inclusive, to provide water service to rural residents of Seminole County, Oklahoma. The District is considered a subdivision of the State of Oklahoma. The District is exempt from federal and state income taxes. The membership consists of approximately 300 members.

The District is an independent, self-contained reporting entity with no associated component units. It is operated in a manner similar to private business enterprise where the cost (expenses, including depreciation) of providing water services is finance through user charges. The District purchases water from Okfuskee County Rural Water District No. 2.

Basis of Presentation

The District is accounted for within the framework of enterprise fund accounting. Enterprise funds are used to account for operations that are operated in a manner similar to private business enterprises wherein the intent of the District's Board of Directors is to recover the cost of providing goods and services through user charges.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses when incurred. This policy is in accordance with generally accepted accounting principles.

Assets, Liabilities, & Equity

Deposits and Investments

Oklahoma Statutes authorize the District to invest in certificate of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the District can invest in

RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT NO.3,  
SEMINOLE COUNTY  
CROMWELL, OKLAHOMA  
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direct debt securities of the United States unless such an investment is expressly prohibited by law.

For financial statement presentation and for purposes of statements of cash flows, the District's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with a maturity date of three months or less.

Allowance for Uncollectible Accounts

No provision for an allowance for uncollectible accounts has been made as all accounts deemed uncollectible are written off against revenues upon Board approval.

Capital Assets

Capital assets are stated at the cost and depreciation has been computed using the straight-line method based on the estimated useful lives of the assets as follows:

Water system	40 years
Office equipment	5 to 10 years

The dollar threshold for capitalization has been set at \$500.00.

Long-Term Debt

Long-term debt is reported at face value, net of applicable discounts and deferred loss on refunding. Costs related to the issuance of debt are deferred and amortized over the lives of various debt issues.

Equity Classification

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred

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inflows and outflows of resources attributable to capital assets and related debt.

2. Restricted – Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted - Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Revenues, expenditures & expenses

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Governmental Accounting Standards Board Statement No. 34

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the Statement include the following:

1. For the first time the financial statement should include:
  - a. A Management Discussion and Analysis (MD&A) section providing analysis of the District's overall financial position and results of operations. However, the District has chosen not to present the required MD&A for the current year.
  - b. Financial statements prepared using full accrual accounting for all of the District's activities, except for including

RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT NO.3,  
SEMINOLE COUNTY  
CROMWELL, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2021

the General capital assets or infrastructure (lines, pump stations, etc.).

2. A change in the fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements). The District has elected to implement the general provisions of the Statement and report infrastructure acquired after December 31, 2003 as provided by GASB standards.

#### Income Taxes

As a political subdivision of the State of Oklahoma, the District is exempt from income taxes.

#### Use of Estimates

The District made estimates and assumptions required in the preparation of its financial statements on the basis of accounting described above that affect certain reported amounts and disclosures accordingly; actual results could differ from those estimates.

#### NOTE 2 - CASH AND INVESTMENTS

##### Custodial Credit Risk

At October 31, 2021, the District held deposits of approximately \$258,020 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit are covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name.

##### Investment Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT NO.3,  
SEMINOLE COUNTY  
CROMWELL, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2021

Investment Credit Risk

The District has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

The District has the following credit risk: 100% in Certificates of Deposit (\$8,616).

NOTE 3 - RESTRICTED ASSETS

The District has no restricted assets.

NOTE 4 - CAPITAL ASSETS

Capital asset activity, for the fiscal year ended October 31, 2021, was as follows:

RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT NO.3,  
SEMINOLE COUNTY  
CROMWELL, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2021

	10/31/20 Balance	Additions	Deductions	10/31/21 Balance
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Other capital assets:				
Water Distribution System	1,738,668	-	-	1,738,668
Equipment	44,088	14,449	-	58,537
Total other capital assets at historical cost	1,782,755	14,449	-	1,797,204
Less accumulated depreciation for:				
Water Distribution System	(819,065)	(32,389)	-	(851,454)
Equipment	(12,200)	(3,455)	-	(15,655)
Total accumulated depreciation	(831,265)	(35,844)	-	(867,109)
Other capital assets, net	951,490	(21,395)	-	930,095
Total Capital Assets, net	\$ 951,490	\$ (21,395)	\$ -	\$ 930,095

The asset additions included a telemetry repairs and a new roof and addition to the pump station. The additions to depreciation include \$32,389.29 for current year depreciation expense.

NOTE 5 - LONG-TERM DEBT

The District currently has no long-term debt.

NOTE 6 - ACCUMULATED UNPAID VACATION AND SICK PAY

As of October 31, 2021, no determination of the aggregate dollar value of vacation or sick pay had been made.

NOTE 7 - RETIREMENT PLAN

The District does not provide a retirement plan to its employees.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District continues to carry commercial insurance for these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT NO.3,  
SEMINOLE COUNTY  
CROMWELL, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2021

Grant Program Involvement

In the normal course of operations, the District participates in various federal or state/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

NOTE 9 - WATER PURCHASES

The District entered into a water purchase contract with Okfuskee County Rural Water District No. 2 on February 22, 1990. The contract extends until January 1, 2029. The District purchases water for resale to its members. The contract may be terminated sooner by the District giving the seller a one year written notice of cancellation.

This contract provides the sole source of water for the District. Thus, an interruption of this source would adversely affect the District.

NOTE 10 - SUBSEQUENT EVENTS

The District did not have any subsequent events through April 10, 2023, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending October 31, 2021.

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors

Rural Water, Sewer and Solid Waste Management District No.3, Seminole County  
Cromwell, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Rural Water, Sewer and Solid Waste Management District No.3, Seminole County, as of and for the year ended October 31, 2021, and the related notes to the financial statements, and have issued my report thereon dated April 10, 2023. The District did not present the Management's Discussion and Analysis required by the Governmental Accounting Standards Board.

### Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Rural Water, Sewer and Solid Waste Management District No.3, Seminole County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rural Water, Sewer and Solid Waste Management District No.3, Seminole County's internal control. Accordingly, I do not express an opinion on the effectiveness of Rural Water, Sewer and Solid Waste Management District No.3, Seminole County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations,

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during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control described in the accompanying Schedule of Findings as Item 22-01 that I consider to be significant deficiencies.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rural Water, Sewer and Solid Waste Management District No.3, Seminole County's financial statements are free of material misstatement, I performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Rural Water, Sewer and Solid Waste Management District No.3, Seminole County's Response to Findings

Rural Water, Sewer and Solid Waste Management District No.3, Seminole County's response to the findings identified in my audit is described in the accompanying Schedule of Findings. Rural Water, Sewer and Solid Waste Management District No.3, Seminole County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

## Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



April Adams CPA PLLC  
Ponca City, Oklahoma

April 10, 2023

RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT NO.3,  
SEMINOLE COUNTY  
CROMWELL, OKLAHOMA  
SCHEDULE OF FINDINGS  
OCTOBER 31, 2021

INTERNAL CONTROL FINDINGS:

Item 22-01: Segregation of Duties

Criteria: A good system of internal control requires a proper segregation of duties to prevent one person from being in a position to authorize, execute, and record the same transaction.

Condition: Due to the size of the District's major areas of internal control, that would be prevalent in a larger District, such segregation of duties is not available for this size operation. Duties are concentrated in the hands of the Manager, who is responsible for all phases of the accounting functions. Because of this lack of division of responsibility, internal control is determined to be weak, and in some instances, non-existent.

Cause/Effect: Due to the limited number of personnel, a breach of internal controls could occur and not be detected in the normal course of operations.

Recommendation: The Board should continue to be actively involved in the operations of the organization.

Response: The Board continues to be actively involved in the operations of the organization.

COMPLIANCE FINDINGS:

There were no compliance findings during the current year.

RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT NO.3,  
SEMINOLE COUNTY  
CROMWELL, OKLAHOMA  
SCHEDULE OF WATER RATES AND CUSTOMERS  
OCTOBER 31, 2021

Water Rates

0 gallons	=	\$24.00	Minimum Bill
1 to 1,000 gallons	=	\$30.00	
1,001 to 6,000 gallons	=	\$ 9.59	per 1,000 gallons
6,001 to 10,000 gallons	=	\$ 9.80	per 1,000 gallons
10,001 to 16,000 gallons	=	\$11.69	per 1,000 gallons
Over 16,000 gallons	=	\$12.22	per 1,000 gallons

These rates are effective 2/8/2022.

Sewer Rates

Residential 1	=	\$59.29
Residential 2	=	\$95.59
Commercial 1	=	\$91.96
Commercial 2	=	\$178.09

Customers

The District had 299 customers at the close of this fiscal year.

Current membership fee is \$200 plus a \$150 security deposit.  
Installation of a new meter costs \$1,150 which includes the  
membership fee and security deposit.

Unaudited